

Message Text

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ACTION EB-11

INFO OCT-01 ARA-16 ADP-00 AID-20 CIAE-00 COME-00 FRB-02

INR-10 NSAE-00 RSC-01 TRSE-00 XMB-07 OPIC-12 CIEP-02

LAB-06 SIL-01 OMB-01 NSC-10 SS-15 STR-08 CEA-02 L-03

DODE-00 INT-08 RSR-01 SSO-00 INRE-00 USIE-00 NSCE-00

(ADP)W

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O 281630Z JUL 73

FM AMEMBASSY LIMA

TO SECSTATE WASHDC IMMEDIATE 6496

C O N F I D E N T I A L LIMA 6496

EO 11652: GDS

TAGS: BDIS, EIND, PE

SUBJECT: CERRO'S BLOCKED FUNDS

1. IN LAST MINUTE EFFORT TO FIND OUT WHAT WAS HOLDING UP APPROVAL OF REQUIRED REMITTANCES I SPOKE TO FONMIN LATE FRIDAY, REFERRING TO MY LETTER TO FINMIN MORALES BERMUDEZ COPY OF WHICH I HAD GIVEN HIM LAST WEEK. HE ASKED SECGEN TO CONTACT VICE FINMIN BROUSSET. GARCIA BEDOYA HAD LONG PHONE CONVERSATION WITH BROUSETT IN MY PRESENCE. APPARENTLY MIN ENERGY AND MINES FERNANDEZ MALDONADO HAS INSISTED ON HOLDING UP 1973 DEPRECIATION WITH IDEA OF APPLYING NEW AND APPRENTLY UNORTHODOX CRITERIA TO INVESTMENT BASE FIGURES. GARCIA BEDOYA OBVIOUSLY NOT CLEAR ON SUBSTANCE IN THAT HE SAID IT HAD SOMETHING TO DO WITH CERRO INCLUDING IN ITS NET WORTH THE VALUE OF MINERALS IN THE GROUND. I TRIED TO EXPLAIN THAT THIS ITEM HAD SOME VALIDITY IN CONSIDERING THE VALUATION OF THE COMPANY FOR THE PURPOSE OF THE PROPOSED BUY OUT, BUT COULD NOT HAVE ANYTHING TO DO WITH VALUING OF FIXED ASSETS FOR DEPRECIATION PURPOSES.

2. IT REMAINS UNCLEAR TO ME WHAT THE BASIS FOR THIS DELAY ACTUALLY IS. SUFFICE IT TO SAY THAT THERE APPEARS TO BE NO CHANCE OF A RELEASE OF FUNDS WHICH WOULD PERMIT CERRO TO CONTINUE WITH
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CONSOLIDATED BALANCE SHEET AND AVOID NEED TO PUBLISH FACT OF

"BLOCKED FUNDS" IN PERU.

3. GARCIA BEDOYA TOLD BROUSSET HE SHOULD EXPLAIN TO CERRO MANAGEMENT REASONS FOR DELAY, CLEARLY IMPLYING THIS SHOULD HAVE BEEN DONE BEFORE NOW RATHER THAN REMAINING INCOMMUNICADO FOR PAST FOR DAYS (A FACT WHICH I HAD REPORTED TO HIM).

4. FOREGOING HAS BEEN TOLD TO CERRO VICE PRES LLOSA AND LAWYER ALAYZA WHO ARE BOTH OUTRAGED BY GOP FAILURE TO LET THEM KNOW WHAT PROBLEM WAS IN TIME TO TRY TO AVOID PRESENT IMPASSE. LLOSA WILL CALL WALSH SATURDAY. BROUSSET WILL CALL ME ON MONDAY, ALSO AT REQUEST GARCIA BEDOYA.
BELCHER

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NNN

Message Attributes

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EO Systematic Review
30 JUN 2005

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